

Message Text

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PAGE 01 ALGIER 00478 201800Z

62

ACTION EUR-12

INFO OCT-01 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 USIA-06

PRS-01 /099 W

----- 115466

R 201630Z FEB 75

FM AMEMBASSY ALGIERS

TO AMEMBASSY VIENNA

SECSTATE WASHDC 1932

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ENRG, EINV, AG

SUBJ: ALGERIAN GAS-EUROPEAN BUYER'S CONSORTIUM

TO MEET TO REVIEW POSITION

REF: (A) VIENNA A-370, 7/30/74 (B) VIENNA 1430

1. EMBASSY HAS HEARD SAME POSITION FROM GERMAN
SOURCE-I.E. THAT EUROPEAN BUYER'S CONSORTIUM
WISHES TO AVOID FINANCING LNG FACILITIES OR AT LEAST
RESPONSIBILITY TO MEET AND FINANCE COST OVER A STATED
FIXED FIGURE.

2. EMBASSY WISHES TO POINT OUT THAT THIS PROJECT IS
FOR WELL OVER A BILLION DOLLARS AND ALGERIA ALREADY
IN DEFICIT POSITION AND FACING MAJOR BORROWING ABROAD.
PAST ALGERIAN POLICY HAS BEEN THAT LNG EXPORT PROJECTS
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PAGE 02 ALGIER 00478 201800Z

SHOULD BE SELF-FINANCING AND THEREFORE IN ADDITION

TO AMBITIOUS INTERNAL ALGERIAN DEVELOPMENT PROGRAM.
THEREFORE, IT IS HIGHLY UNLIKELY THAT ALGERIANS
WILL AGREE TO ACCEPT RESPONSIBILITY FOR FINANCING
THIS LNG PROJECT.

3. COMPROMISE SOLUTION OF CONSORTIUM FINANCING PROJECT
WITH ALGERIA TAKING RESPONSIBILITY FOR OVERRUN COSTS
IS POSSIBLE BECAUSE ALGERIA BADLY NEEDS TO SELL MORE
GAS--ITS PRINCIPAL NATURAL RESOURCE. AT PRESENT
TIME LESS THAN A 18 PERCENT OF ALGERIA'S PLANNED
GAS PROJECTS ARE MOVING AHEAD AND ALL PLANNED
START-UP DELIVERY DATES ARE FROM 6 MONTHS TO 3 YEARS
BEHIND SCHEDULE.
PARKER

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Message Attributes

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